

SPEECH

OF

HON. JOHN C. CALHOUN,

1782-1858

OF SOUTH CAROLINA,

ON THE TREASURY NOTE BILL.

DELIVERED IN THE

SENATE OF THE UNITED STATES,

JANUARY 25, 1842.

WASHINGTON:

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SPEECH.

Mr. CALHOUN said: There was no measure that required greater caution, or more severe scrutiny, than one to impose taxes or raise a loan, be the form what it may. I hold that Government has no right to do either, except when the public service makes it imperiously necessary, and then only to the extent that it requires. I also hold that the expenditures can only be limited by limiting the supplies. If money is granted, it is sure to be expended. Thus thinking, it is a fundamental rule with me not to vote for a loan or tax bill till I am satisfied it is necessary for the public service, and then not if the deficiency can be avoided by lopping off unnecessary objects of expenditure; or the enforcement of an exact and judicious economy in the public disbursements. Entertaining these opinions, it was in vain that the chairman of the Finance Committee pointed to the estimates of the year, as a sufficient reason for the passage of this bill as amended. Estimates are too much a matter of course to satisfy me in a case like this. I have some practical knowledge of the subject, and know too well how readily old items are put down, from year to year, without much inquiry, whether they can be dispensed with or reduced, and new ones inserted, without much more reflection, to put much reliance on them. To satisfy me, the chairman must do what he has not even attempted; he must state satisfactorily the reasons for every new item, and the increase of every old one, and show that the deficiency to meet the revenue, cannot be avoided by retrenchment and economy. Until he does that, he has no right to call on us to vote this heavy additional charge of five millions of dollars on the people, especially at a period of such unexampled pecuniary embarrassment. Having omitted to perform this duty, I have been constrained to examine for myself the estimates in a very hasty manner, with imperfect documents, and no opportunity of deriving information from the respective Departments. But, with all these disadvantages, I have satisfied myself that this loan is unnecessary—that its place may be supplied, and more than supplied, by retrenchment and economy, and the command of resources in the power of the Government, without materially impairing the efficiency of the public service, my reasons for which I shall now proceed to state.

The estimates of the Secretary of the Treasury for the expenditures of the year, is \$32,997,258, or, in round numbers, thirty-three millions, embraced under the following heads: the civil list, including foreign intercourse and miscellaneous, amounting to \$4,000,987 37; military, in all its branches, \$11,717,791 83; navy, \$8,705,579 83; permanent appropriations, applicable to the service of the year, \$1,572,906, and Treasury notes to be redeemed, \$7,000,000.

Among the objects of retrenchment, I place at the head the great increase that is proposed to be made to the expenditures of the navy, compared with that of last year. It is no less than \$2,508,032 13, taking the expenditures of last year from the annual report of the Secretary. I see no sufficient reason, at this time, and in the present embarrassed condition of the Treasury, for this great increase. I have looked over the report of the Secretary hastily, and find none assigned, except general reasons, for an increased navy, which I am not disposed to controvert. But I am decidedly of the opinion, that the commencement ought to be postponed till some systematic plan is matured, both as to the ratio of increase and the description of force of which the addition should consist, and till the Department is properly organized, and in a condition to enforce exact responsibility and economy in its disbursements. That the Department is not now properly organized, and in that condition, we have the authority of the Secretary himself, in which I concur. I am satisfied that its administration cannot be made effective under the present organization, particularly as it regards its expenditures. I have very great respect for the head of the Department, and confidence in his ability and integrity. If he would hear the voice of one who wishes him well, and who takes the deepest interest in the branch of service of which he is the chief, my advice would be, to take time; to look about; to reorganize the Department in the most efficient manner, on the staff principle, and to establish the most rigid accountability and economy in the disbursements, before the great work of a systematic increase is commenced. Till that is done, add not a dollar to the expenditure. Make sure of the foundation before you begin to rear the superstructure. I am aware that there will

be a considerable increase this year in the navy, compared to the expenditure of last year, in consequence of the acts of the extraordinary session. This may deduct several hundred thousand dollars from the amount I propose to retrench; but I cannot doubt that an improved administration of the moneyed affairs of the Department, with the very great reduction in prices and wages, a saving may be made more than sufficient to make up for that deduction. In speaking of improved administration, I comprehend the marine corps. And here I deem it my duty to remark, that the estimates for that branch of the service appear to me to be very large. The corps is estimated at one thousand privates, and its aggregate expense at \$502,292. This strikes me to be far too large for so small a corps, of long standing, stationed at convenient and cheap points, and at a period when the price of provisions, clothing, and all other articles of supply is low. A large portion, I observe, is for barracks, which, if proper at all, surely may be postponed till the finances are placed in better condition.

I shall now pass from the naval to the military department; and here I find an estimate of \$1,508,032 13, for harbors, creeks, and the like. I must say that I am surprised at this estimate. All who have been members of the Senate for the last eight or ten years, must be familiar with the history of this item of expenditure. It is one of the branches of the old, exploded American system, and almost the only one which remains. It has never been acquiesced in, and was scarcely tolerated when the Treasury was full to overflowing with the surplus revenue. Of all the extravagant and lawless appropriations of the worst of times, I have ever regarded it as the most objectionable—unconstitutional, local in its character, and unequal and unjust in its operation. Little did I anticipate that such an item, and of so large an amount, would at this time be found in the estimates, when the Treasury is deeply embarrassed, the credit of the Government impaired, and the revenue from the lands surrendered to the States and Territories. Such an item, at such a period, looks like infatuation; and I hope the Committee on Finance, when it comes to take up the estimates, will strike it out. It certainly ought to be expunged; and I shall accordingly place it among the items that ought to be retrenched.

Passing to the Treasury Department, I observe an estimate of \$43 932, for surveys of publiclands; and under the head of "balances of appropriations on the 31st December, 1841, required to be expended in 1842," \$200,000 for the same object, making, together, \$243,932, which ought either not be in the estimates, or, if put there, ought to be credited in the receipts of the year. The reason will be apparent, when it is stated that the Distribution act deducts the expenses incident to the administration of the public lands, and, among others, that for surveying, and, of course, it must be deducted from the revenue from the lands, before it is distributed among the States, and brought to the credit of the Treasury. It is, in fact, but an advance out of the land fund, to be deducted from it before it is distributed. There are several other items in the estimates connected with the expenses incident to

the administration of the public lands, to which the same remarks are applicable, and which would make an additional deduction of many thousand dollars, but the exact amount of which I have not had time to ascertain. These several items, taken together, make the sum of \$4,317,322 25, that may fairly be struck from the estimates. To these there are doubtless many others of considerable amount that might be added, had I the time and means for full investigation. Among them, I would call the attention of the chairman to an item of \$158,627 17, under the name of "patent fund," and comprised among the balances of appropriations on the 31st of December last, and which will be required for this year. I have not had time to investigate it, and am uninformed of its nature. I must ask the chairman to explain. Does it mean receipts of money derived from payments for patents? If so, it ought to be passed to the Treasury, and classed under the receipts of the year, and not the appropriations, unless, indeed, there be some act of Congress which has ordered otherwise. If it be an appropriation, I would ask to what is it appropriated, and to what particular objects is it to be applied this year? The chairman will find it in page 40, of the document containing the estimates.

I would ask the chairman, also, whether the interest on the trust funds, including both the Smithsonian and Indian, which may not be applied to the object of the trusts during the year, have been comprehended in the receipts of the year? We pay interest on them, and have the right of course to their use, till required to be paid over. The interest must be considerable. That of the former, alone, is about \$30,000 annually.

I would, also, call his attention to the pension list. I observe the diminution of the number of pensioners for the last year is very considerable, and from the extreme age of the revolutionary portion, there must be a rapid diminution till the list is finally closed. I have not had time to investigate the subject sufficiently to say to what amount the Treasury may be relieved from that source; but I am informed by a friend who is familiar with the subject, that a very great reduction of expenditure, say \$300,000 annually, for some years, may be expected under that head. Under these various heads, and others, which a careful examination might designate, I feel confident that a reduction might be made by retrenchment in the estimates to the amount of the sum proposed to be borrowed by this bill, as amended, without materially impairing the efficiency of the Government.

I shall next proceed to examine what reduction may be made by strict economy in the public disbursements; by which I mean, not parsimony, but that careful and efficient administration of the moneyed affairs of the Government, which guards against all abuse and waste, and applies every dollar to the object of appropriations, and that in the manner best calculated to produce the greatest result. This high duty properly appertains to the functions of the Executive, and Congress can do but little more than to urge on and sustain that Department of the Government to which it belongs.

in discharging it, and which must take the lead in the work of economy and reform. My object is to show, that there is ample room for the work, and that great reduction may be made in the expenditures by such an administration of the moneyed affairs of the Government as I have described. But how is this to be made apparent? Can it be done by minute examination of the various items of the estimates and expenditures? Can a general state of looseness, of abuses, or extravagance in the disbursements be detected and exposed by such examination? All attempts of the kind have failed, and must continue to do so. It would be impracticable to extend such an inquiry through the various heads of expenditures. A single account might be selected, that would occupy a committee a large portion of a session; and after all their labor, it would be more than an even chance that they would fail to detect abuses and mismanagement, if they abounded ever so much. They lie beyond the accounts; and can only be reached by the searching and scrutinizing eyes of faithful and vigilant officers charged with the administrative supervision.

There is but one way in which Congress can act with effect in testing whether the public funds have been judiciously and economically applied to the objects for which they were appropriated; and if not, of holding those charged with their administration responsible, and that is, by comparing the present expenditures with those of past periods of acknowledged economy, or foreign cotemporaneous service of like kind. If, on such comparison, the difference should be much greater than they should be, after making due allowance, those who have the control should be held responsible to reduce them to a proper level, or to give satisfactory reasons for not doing it; and that is the course which I intend to pursue. They who now have the control, both of Congress and the Executive Department, came into power on a solemn pledge of reform; and it is but fair that they should be held responsible for the reformation of the abuses and mismanagement which they declared to exist, and the great reduction of expenses which they pledged themselves to make, if the people should raise them to power.

But I am not so unreasonable as to expect that reform can be the work of a day. I know too well the labor and the time it requires to entertain any such opinion. All I ask is, that the work shall be early, seriously, and systematically commenced. It is to be regretted that it has not already commenced, and that there is so little apparent inclination to begin. We had a right to expect that the chairman of the Committee on Finance, in bringing forward a new loan of \$5,000,000, would have at least undertaken to inform us, after a full survey of the estimates and expenditures, whether any reduction could be made, and, if any, to what amount, before he asked for a vote, adding so great an addition to the public debt. I cannot but regard the omission as a bad omen. It looks like repudiation of solemn pledges. But what he has failed to do I shall attempt, but in a much less full and satisfactory manner than he might have done, with all his advantages as the head of the committee. For the purpose of comparing, I shall select the years

1823 and 1840. I select the former, because it is one of the years of the second term of Mr. Monroe's administration, and which it is admitted now, administered the moneyed affairs of the Government with a reasonable regard to economy; but at that time it was thought by all to be liberal in its expenditures, and by some even profuse, as several Senators who I now see, and who were then members of Congress, will bear witness. But I select it for a still stronger reason. It is the year which immediately preceded the first act, professedly passed on the principles of the protective policy. The intervening time between the two periods comprehends the two acts of 1824 and 1828, by which that policy was carried to such great extremes. To those acts, connected with the banking system, and the connection of the banks with the Government, is to be attributed that train of events which has involved the country and the Government in so many difficulties; and, among others, that vast increase of expenditures which has taken place since 1823, as will be shown by the comparison I am about to make.

The disbursements of the Government are comprised under three great heads: the civil list, including foreign intercourse and miscellaneous; the military, and the navy. I propose to begin with the first, and take them in the order in which they stand.

The expenditures under the first head have increased since 1823, when they were \$2,022,093, to \$5,492,030 98, the amount in 1840; showing an increase, in seventeen years, of 2 7-10 to 1, while the population has increased only about $\frac{3}{4}$ to 1, that is, about 75 per cent.—making the increase of expenditures, compared to the increase of population, about 3 6-10 to 1. This enormous increase has taken place although a large portion of the expenditures under this head, consisting of salaries to officers and the pay of members of Congress, have remained unchanged. The next year, in 1841, the expenditure rose to \$6,196,560. I am, however, happy to perceive a considerable reduction in the estimates for this year, compared with the last and several preceding years; but still leaving room for great additional reduction to bring the increase of expenditures to the same ratio with the increase of population, as liberal as that standard of increase would be.

That the Senate may form some conception, in detail, of this enormous increase, I propose to go more into particulars in reference to two items: the contingent expenses of the two Houses of Congress, and that of collecting the duties on imports. The latter, though of a character belonging to the civil list, is not included in it, or either of the other heads; as the expenses incident to collecting the customs, are deducted from the receipts, before the money is paid into the Treasury.

The contingent expenses (they exclude the pay and mileage of members) of the Senate in 1823 was \$12,841 07, of which the printing cost \$6,349 56, and stationery \$1,631 51; and that of the House, \$37,848 95, of which the printing cost \$22,314 41, and the stationery \$3,877 71. In 1840, the contingent expenses of the Senate was \$77,447 22, of which the printing cost \$31,285 32, and the stationery \$7,061 77; and that of the House \$199,-

219 57, of which the printing cost \$65,086 46, and the stationery \$36,352 99. The aggregate expenses of the two Houses together rose from \$50,690 02 to \$276,666; being an actual increase of 5 4-10 to 1, and an increase, in proportion to population, of about 7 2-10 to one. But as enormous as this increase is, the fact that the number of members had increased not more than about ten per cent. from 1823 to 1840, is calculated to make it still more strikingly so. Had the increase kept pace with the increase of members, (and there is no good reason why it should greatly exceed it,) the expenditures would have risen from \$50,690 to \$55,759 only making an increase of but \$5,069; but, instead of that, it rose to \$276,666, making an increase of \$225,970. To place the subject in a still more striking view, the contingent expenses in 1823 were at the rate of \$144 per member, which one would suppose was ample, and in 1840, \$942. This vast increase took place under the immediate eyes of Congress; and yet we were told at the extra session, by the present chairman of the Finance Committee, that there was no room for economy, and that no reduction could be made; and even in this discussion he has intimated that little can be done. As enormous as are the contingent expenses of the two Houses, I infer from the very great increase of expenditures under the head of civil list generally, when so large a portion is for fixed salaries, which have not been materially increased for the last seventeen years, that they are not much less so throughout the whole range of this branch of the public service.

I shall now proceed to the other item, which I have selected for more particular examination, the increased expenses of collecting the duties on imports. In 1823 it was \$766,699, equal to 3 86-100 per cent. on the amount collected, and 98-100 on the aggregate amount of imports; and in 1840 it had increased to \$1,542,319 24, equal to 14 13-100 per cent. on the amount collected, and to 1 58-100 on the aggregate amount of the imports, being an actual increase of nearly a million, and considerably more than double the amount of 1823. In 1839 it rose to \$1,714,515.

From these facts, there can be little doubt that more than a million annually may be saved under the two items of contingent expenses of Congress, and the collection of the customs, without touching the other great items comprised under the civil list, the executive and judicial departments, the foreign intercourse, light-houses, and miscellaneous. It would be safe to put down a saving of at least a half million for them.

I shall now pass the military, with which I am more familiar. I propose to confine my remarks almost entirely to the army proper, including the Military Academy, in reference to which the information is more full and minute. I exclude the expenses incident to the Florida war, and the expenditures for the Ordnance, the Engineer, the Topographical, the Indian, and the Pension Bureaus. Instead of 1823, for which there is no official and exact statement of the expenses of the army, I shall take 1821, for which there is one made by myself, as Secretary of War, and for the minute correctness of which, I can vouch. It is con-

tained in a report made under a call of the House of Representatives, and comprises a comparative statement of the expenses of the army proper, for the years 1818, '19, '20, and '21, respectively, and an estimate of the expense of 1822. It may be proper to add, which I can with confidence, that the comparative expense of 1823, if it could be ascertained, would be found to be not less favorable than 1821. It would probably be something more so.

With these remarks I shall begin with a comparison, in the first place, between 1821 and the estimate for the army proper for this year. The average aggregate strength of the army in the year 1821, including officers, professors, cadets, and soldiers, was 8,109, and the proportion of officers, including the professors of the Military Academy, to the soldiers, including cadets, was 1 to 12 18-100, and the expenditure \$2,180,093 53,* equal to \$263 91 for each individual. The estimate for the army proper for 1842, including the Military Academy, is \$4,453,370 16. The actual strength of the army, according to the return accompanying the message at the opening of the session, was 11,169. Assuming this to be the average strength for this year, and adding for the average number of the Academy, professors and cadets, 309, it will give, within a very small fraction, \$390 for each individual, making a difference of \$136 in favor of 1821. How far the increase of pay, and the additional expense of two regiments of dragoons, compared to other descriptions of troops, would justify this increase, I am not prepared to say. In other respects, I should suppose, there ought to be a decrease rather than an increase, as the price of clothing, provisions, forage, and other articles of supply, as well as transportation, are, I presume, cheaper than in 1821. The proportion of officers to soldier I would suppose to be less in 1842 than 1821, and, of course, as far as that has influence, the expense of the former ought to be less per man than the latter. With this brief and imperfect comparison between the expense of 1821 and the estimates for this year, I shall proceed to a more minute and full comparison between the former and the year 1837. I select that year, because the strength of the army, and the proportion of officers to men (a very material point as it relates to the expenditure) is almost exactly the same.

On turning to document 165 (H. R. 2d sess. 26th Con.) a letter will be found from the then Secretary of War (Mr. Poinsett) giving a comparative statement, in detail, of the expense of the army proper, including the Military Academy for the years 1837, '38, '39 and '40. The strength of the army for the first of these years, including officers, professors, cadets, and soldiers, was 8,107, being two less than in 1821. The proportion of officers and professors, to the cadets and soldiers, 11 46-100, being 72-100 more than 1821. The expenditure for 1837, \$3,308,011, being \$1,127,918 more than 1821. The cost per man, including officers, professors, cadets, and soldiers was in 1837 \$408 03, exceeding that of 1821 \$144 12 per man. It appears by the letter of the Secretary, that the ex-

* See Document 38, (H. R.) 1st session, 17th Congress.

expense per man rose in 1838 to \$464 35; but it is due to the head of the Department, at the time, to say, that it declined under his administration, the next year, to \$381 65, and in the subsequent, to \$380 63. There is no statement for the year 1841; but as there has been a falling off in prices, there ought to be a proportionate reduction in the cost, especially during the present year, when there is a prospect of so great a decline in almost every article which enters into the consumption of the army. Assuming that the average strength of the army will be kept equal to the return accompanying the President's message, and that the expenditure of the year should be reduced to the standard of 1821, the expense of the army would not exceed \$2,895,686, making a difference, compared with the estimates, of \$1,557,684; but that from the increase of pay, and the greater expense of the dragoons, cannot be expected. Having no certain information how much the expenses are necessarily increased from those causes, I am not prepared to say what ought to be the actual reductions, but, unless the increase of pay, and the increased cost because of the dragoons are very great, it ought to be very considerable.

I found the expense of the army in 1818, including the Military Academy, to be \$3,702,495, at a cost of \$451 57 per man, including officers, professors, cadets, and soldiers, and reduced it in 1821 to \$2,180,098, at a cost of \$263 91, and making a difference between the two years, in the aggregate expenses of the army, of \$1,522,397, and \$185 66 per man. There was, it is true, a great fall in prices in the interval; but allowing for that, by adding to the price of every article entering into the supplies of the army a sum sufficient to raise it to the price of 1818, there was still a difference in the cost per man of \$163 95. This great reduction was effected without stinting the service or diminishing the supplies, either in quantity or quality. They were, on the contrary, increased in both, especially the latter. It was effected through an efficient organization of the staff, and the co-operation of the able officers placed at the head of each of its divisions. The cause of the great expense at the former period, was found to be principally in the neglect of public property; and the application of it to uses not warranted by law. There is less scope, doubtless, for reformation in the army now. I cannot doubt, however, but that the universal extravagance which pervaded the country for so many years, and which increased so greatly the expenses both of Government and individuals, has left much room for reform in this, as well as other branches of the service.

In addition to the army, there are many other and heavy branches of expenditure embraced under the military head—fortifications, ordnance, Indians, and pensions—the expenditures of which, taken in the aggregate, greatly exceed the army: the expense of all of which, for the reason to which I have alluded, may, doubtless, be much reduced.

On turning to the navy, I have not been able to obtain information which would enable me to make a similar comparison between the two periods, in reference to that important arm; but I hope, when the information is received which has been called

for by the Senator from Maine, [Mr. WILLIAMS,] ample data will be obtained to enable me to do so on some future occasion. In place of it, I propose to give a comparative statement of the expense of the British navy and ours for the year 1840. The information in reference to the former is taken from a work of authority, the Penny Cyclopædia, under the head of "Navy."

The aggregate expense of the British navy in the year 1840 amounted to 4,980,353 pounds sterling, deducting the expense of transport for troops and convicts, which does not properly belong to the navy. That sum, at \$4 80 to the pound sterling, is equal to \$23,905,694 46. The navy was composed of 392 vessels of war of all descriptions, leaving out 36 steam vessels in the packet service, and 23 sloops fitted for foreign packets. Of the 392, 98 were line of battle ships, of which 19 were building; 116 frigates, of which 14 were building; 63 sloops, of which 13 were building; 44 steam vessels, of which 16 were building; and 66 gun brigs, schooners, and cutters, of which 12 were building.

The effective force of the year—that which was in actual service, consisted of 3,400 officers, 3,998 petty officers, 12,846 seamen, and 9,000 marines, making an aggregate of 29,244. The number of vessels in actual service were 175, of which 24 were line of battle ships, 31 frigates, 30 steam vessels, and 45 gun brigs, schooners, and cutters, not including the 30 steamers and 24 sloops in the packet service, at an average expenditure of \$573 for each individual, including officers, petty officers, seamen, and marines.

Our navy is composed, at present, according to the report of the Secretary accompanying the President's message, of 67 vessels—of which 11 are line of battle ships, 17 frigates, 18 sloops of war, 2 brigs, 4 schooners, 4 steamers, 3 store ships, 3 receiving vessels, and 5 small schooners. The estimates for the year are made on the assumption, that there will be in service during the year, 2 ships of the line, 1 razee, 6 frigates, 20 sloops, 11 brigs and schooners, 3 steamers, 3 store ships and 8 small vessels; making in the aggregate, 53 vessels. The estimates for the year, for the navy and marine corps, as has been stated, is \$8,705,579 83, considerably exceeding one-third of the entire expenditures of the British navy for 1840. I am aware that there is probably a much larger expenditure applied to the increase of the navy in our service than in the British, in proportion to the respective forces; and I greatly regret that I have not the materials to ascertain the difference, or to compare the expenses of the two navies, in the various items of building, outfit, and pay, and the relative expenses of the two per man, per gun, and per ton. The comparison would be highly interesting, and would throw much light on the subject of these remarks. We know our commercial marine meets successfully the British in fair competition; and as the elements of the expenses of the commercial and naval marine are substantially the same, in time of peace, when impressment is disused in the British service, our navy ought not to bear an unfavorable comparison with theirs, on the score of expense. Whether it does, in fact, I am not prepared to say, with the

materials I have been able to collect, but it does seem to me, when I compare the great magnitude of their naval establishment with the smallness of ours, and the aggregate expense of the two, that ours, on a full comparison, will be found to exceed theirs by far, in expense, however viewed.

I hope what I have stated will excite inquiry. It is a point of vast importance. If we can bring our expenditures to an equality, or nearly so, with hers, we may then look forward with confidence to the time, as not far distant, when, with our vast commercial marine, (more than two-thirds of the British,) we may, with proper economy in our disbursement, and by limiting the objects of our expenditures to those which properly belong to this Government under the Constitution, place a navy on the ocean, without increase of burden on the people, that will give complete protection to our coast, and command the respect of the world. But if that cannot be done, if our expenses must necessarily greatly exceed in proportion that of the first maritime power in the world, it is well it should be known at once, that we may look to other means of defence, and give up what, in that case, would be a hopeless struggle. I do not believe that it will be found to be the case. On the contrary, I am impressed with the belief that our naval force ought not to cost more in proportion than the British. In some things they may have the advantage, but we will be found to have equally great in others.

From these statements it may be fairly inferred that there is great room for economy, under every head of expenditure. I am by no means prepared to say what reduction may be effected by it. It would require much more time and minute examination to determine with precision any thing like the exact amount; but it is certain that millions may be saved, simply by a judicious and strict system of economy, without impairing in any degree the efficiency of the Government. But in order to form a more definite conception as to the amount of that reduction, I propose to add to the aggregate expense of 1823 seventy-five per cent—the estimated increase of the population of the United States since then, which will give the amount that ought to have been the estimated expenditures for this year, on the supposition that the expense of the Government ought not, in ordinary times, to increase faster than the population; and which, deducted from the actual estimates of the year, will show, on that supposition, to what amount they ought to have been reduced. But in making this supposition, I wish it to be understood, I do not admit that the expenditures of the Government ought to keep pace with our rapidly increasing population. There are many branches of the public service which ought not to be, and have not, in fact, been, much increased with the increase of population, and are now, in point of expansion, very nearly what they were in 1823. Others are more enlarged, but it is believed that there are but few whose growth have been greater, or as great, as that of our population. It would, in truth, not be difficult to show that an increase of revenue and expenditures, and consequently of patronage and influence, equal to our rapidly growing population, must almost necessarily end in making the Government despotic. It is

known that it takes a much less military force in proportion to subject a large country with a numerous population, than a small one with an inconsiderable one; and in like manner, and for similar reasons, it takes much less patronage and influence in proportion, to control the former than the latter. So true is it, that I regard it as an axiom, that the purity and duration of our free and popular institutions, looking to the vast extent of country and its great and growing population, depend on restricting its revenues and expenditures, and thereby its patronage and influence, to the smallest amount consistent with the proper discharge of the few great duties for which it was instituted. To a departure from it may be attributed, in a great measure, the existing disorders. With these remarks, I shall now proceed to give the result of the proposed calculation.

The actual expenditures of 1823, all included, except payments on account of the public debt, amounted to \$9,827,832. That sum multiplied by 75 per cent, the estimated ratio of increase of population from '23 to '40, gives \$17,198,681; which, on the assumption that the expenditures should not increase more rapidly than the population, ought to be the extreme limits of the expenditures of this year. But the estimates for the year, deducting payment on account of the debt, are, as has been stated, \$25,997,258, being an excess of \$8,498,577 beyond what the expenditures ought to be on the liberal scale assumed. The increase, instead of being at the rate of the population, is equal to 2 68-100 to 1, compared with the expenditures of 1823, and 3 1/2 nearly, compared with the ratio of the increase of population. Had the ratio of increase not exceeded that of the population, the whole expenditure of the year, including the sum of \$7,000,000 for the debt, would have been but \$24,198,681, instead of \$32,997,258.

But, as great as this reduction is, it by no means represents the saving that would be made on the data assumed. The expense of collecting the revenue, (of which a statement has already been made, as it relates to the customs,) as well as several other items, less important, are not included in the expenditures, and must be added, to get the true amount that would be saved. The addition, at the lowest calculation, would be a million of dollars, which, added to the \$8,498,577, would make the sum of \$9,498,577, and would reduce what ought to be the estimates of the year, on the ground assumed, to \$16,198,681. The saving is great; but, I feel confident, not greater than what, with a judicious and efficient system of administration, might be effected, and that not only without impairing, but actually increasing, the efficiency of the Government. To make so great a reduction, would take much time and labor; but if those who have the power, and stand pledged, would begin the good work, much, very much, might be done during the present session. But if this bill, as it now stands, should become a law, I would despair for the present. I see in the amendment a deliberate and fixed determination to keep up the expenditures, regardless of pledges and consequences.

Having now shown how greatly the public expenditures have increased since 1823, I next propose to make some remarks on the causes that have

produced it. In the front rank I place the protective tariff. I selected the year 1823, as I stated in the early stages of my remarks, in part to illustrate the effects of that pernicious system in this connection. It is curious to look over the columns of expenditures, under their various heads, in the table I hold in my hand, and note how suddenly they rose under every head, after each of the tariff acts of 1824 and 1828, until they reached the present point. [Here Mr. C. read from the table of the expenditures under each head year by year, from 1823 to 1840, in illustration of his remarks.] Nor is it wonderful that such should be the effect of the protective policy. How could it be otherwise? Duties were laid, not for revenue, but for protection. Money was not the object. It was but an incident; and the party in favor of the system (a majority in both Houses during the whole period) cared not how it was wasted. During that wasteful period, I have heard members of Congress of high intelligence declare that it was better that the money should be burnt or thrown into the ocean than not collected; and they spoke in the true genius of that corrupting and oppressive system. In fact, after it was collected, there was a sort of necessity that it should be spent. The collection was in bank notes, and of all absurdities, one of the greatest is, an accumulation of such an article in the public treasury, whether we regard the thing itself, or its effects on the community and the banks. When pushed to a great extent, it must prove ruinous to all; and to such accumulation, in spite of the most wasteful extravagance in the expenditures, may be attributed, in a great degree, the overthrow of the banks, and the embarrassments of the Government and country. But so blind were the banks, for the most part, to their fate, that they were among the foremost to urge on the course of policy destined to hasten so greatly their overthrow. All resistance on the part of the minority in Congress opposed to the system, was in vain. If the money was saved from one objectionable object, it was sure to be applied to some other, and perhaps even more objectionable; if the sluice of expenditures was stopped in one place, it was certain to burst through another. Under the conviction, that the struggle was in vain, so long as the cause remained, I ceased in a great measure resistance to appropriations, and turned my efforts against the cause; a Treasury overflowing with bank notes, to exhaust which, was the only means left of staying the evil. It is not my intention to cast the blame on either party. The fault lay in the system—the policy of imposing duties, when the money was not needed, and collecting it in a currency, which to keep, would have been more wasteful and ruinous, if possible, than to spend, however extravagantly. It is due in justice to the late Administration, to say, that they had commenced, in good earnest, the work of reform, and that with so much success, as to have made a very considerable reduction in the expenditures, towards which no one exerted himself with more zeal or greater effect than the Senator behind me, Mr. Woodbury,] then at the head of the Treasury Department. It is to be deeply regretted, that what was then so well begun has not been continued by those who had succeeded.

It is admitted, on all sides, that we must equalize the revenue and expenditures. The scheme of borrowing to make up an increasing deficit must, in the end, if continued, prove ruinous. Already is our credit greatly impaired. It is impossible to borrow at home in the present state of things, at the usual rate of interest. The six per cent. stock authorized at the late session, is now several per cent. below par; and, if we would borrow in the home market, it would endanger the solvent banks. It is admitted that a loan of two millions in Boston has caused the present intense pressure there in the money market. Nor can the foreign market be relied on, till our finances are put in a better condition. Who, in their present condition, would think of jeopardising our credit by appearing in the European market with United States stocks? It is certain, that no negotiation could be effected there but at usurious interest, and on a considerable extension of the time for redemption; the tendency of which would be to depress the State stocks, and lay the foundation of a permanent funded debt. There remains another objection, which should not be overlooked; the loan would be returned in merchandise, with the usual injurious and embarrassing effects of stimulating the consumption of the country, for the time, beyond what its exports would permanently sustain.

Nor is the prospect much better for the additional issue of Treasury notes proposed by the bill as amended in the Senate. They are now below par, and this must still add to their depression; perhaps to the same extent to which the six per cents are now depressed. The reason is obvious. The only advantage which they have over stocks in raising a loan, is, that they are receivable in the dues of the Government, which gives them, to a certain extent, the character of currency; but that advantage is not peculiar to them. As the law now stands, notes of solvent banks are also receivable in the public dues. They are, in fact, Treasury notes, as far as it depends on receivability, as much so as if each one was endorsed to be received in the dues of the Government by an authorized agent. Now, so long as the Government receives bank notes at par with their own, and the banks (as is now the case) refuse to receive them at par with bank notes, Treasury notes will be depressed compared with bank notes, for the plain reason that the latter can pay the debts both of the banks and the Government, while the former can pay only the debts of the Government.

In such a state of things, only a very small amount of Treasury notes can be used for currency without depressing them below par; and when that amount is much exceeded, they will sink rapidly to the depression of stock bearing the same rate of interest. Very different would be the fact, if the Sub-Treasury had not been repealed. Under its operation, the Government could at any time have issued what amount it pleased to meet a temporary deficit of the Treasury, at a mere nominal rate of interest, or none at all. The provision that nothing but gold and silver, and the paper issued on the credit of the Government, should be received in the public dues, would have kept them at par. But as things now are, it must be obvious that neither loans in the usual way, nor Treasury notes, can be

relied on to make up the deficit, without ruinous consequences. And here let me inform the Senators on the other side that they are laboring under a great mistake in supposing that we who prefer Treasury notes to loans to meet the temporary wants of the Treasury, are anxious to force the use of them on you. The fact is far otherwise. We deeply regret to see you reduced to the necessity of using them. We believe them to be very useful and convenient, much cheaper, and more safe, than loans, to meet the occasional wants of the Government, and see, with regret, a resort to them under circumstances so well calculated to discredit them in the public estimation, and when they cannot be used but at the expense of the public creditors.

We have, then, arrived at the point that we must increase the duties or curtail expenditures; and the question is, which shall we choose? That question will be decided by the vote we are about to give. There is no mistake. Those who have changed this bill into a loan bill of \$5,000,000, tell us, in language too intelligent to be mistaken, that they intend to fix the permanent expenses of the Government at about \$25,000,000; for it will take that sum, at least, to meet what they tell us is the lowest amount to which the expenditures can be reduced, and to discharge the interest and principal of the debt already contracted or authorized. Now, sir, it is clear that so large a sum cannot be derived from the present tariff, as high as it has been raised. I agree with the chairman that, with our present export trade, the heavy interest to be paid on debts abroad, and the large list of free articles, that it is not safe to estimate the consumption of the country of dutiable articles, at more than \$85,000,000, which, at 20 per cent. round, would give but \$17,000,000 gross, and a nett revenue, according to the present expense of collection, of not more than \$15,000,000 at the outside, leaving \$10,000,000 annually to be raised by additional duties on imports, or a corresponding reduction in the expenses of the Government. Which shall we choose? That the reduction may be made, and the deficit met, aided by the repeal of the distribution bill, without impairing the efficiency of the Government, I trust I have satisfactorily shown; not all at once, but enough and more, this year, to avoid this loan, and gradually, by a vigorous system of economy, to arrest all further loans, and to discharge those that have been contracted or authorized. Why not then adopt the alternative of curtailing expenses? I put the question in all soberness to those who are in power and responsible. You stand pledged, solemnly pledged to reform—you told the people that the expenses of the Government were extravagant; that they could be reduced to a point lower than I have assigned; and why not redeem your pledge, when I have proved that there is such ample room to do so? We, on this side, are anxious to co-operate with you, and to carry out with vigor the good work which had been commenced before you came into power. Why, instead of carrying on, with still greater vigor, what had been commenced, do you halt? No, it is not strong enough. Why do you now go for increase, instead of reduction? Why falsify all your solemn promises, and prove,

now that you are in power, that you are as zealous for debts, duties, and increase of expenditures, as you exhibited zeal for reform while you were seeking power?

But one answer can be given; from deep solicitude for another protective tariff. Yes, that same pernicious system, which swelled the expenditures to their present vast amount, is the real impediment to their reduction. It is that which has made you forget all your promises, and which now seeks to keep up the expenditures as a pretext for imposing duties, not for revenue, but in reality for protection. It is that which is striving to force Government to return to the old and disastrous policy which has brought such calamity on the country, and done so much to corrupt its morals and politics; and which is now forcing it to resort to loans and Treasury notes, at the hazard of its credit, when it is so necessary, in the midst of the wrecks of that of so many of the States, that the credit of the Union should stand above suspicion. It is that which passed the Distribution bill, and now resists its repeal, when it is clear that the revenue from the lands is indispensable to meet the demands on the Government, and to preserve its credit. Put that corrupt and corrupting system out of the way, and every difficulty connected with our finances would vanish; the Distribution act would be repealed, the revenue from the public domain restored to the Union, and economy, and retrenchment, would save their millions. Every voice would be raised in their favor, and the expenditures would be speedily equalised with the revenue. Were this done, we would hear no more of an empty Treasury—of loans, of Treasury notes and prostrated credit; no more of additional duties. Instead of increase, we should hear the cheerful note of reduction—repeal of taxes—striking shackles from commerce and navigation—and lightening the burden of labor. I hazard nothing in asserting that, with a thorough reform in the fiscal action of the Government, and a repeal of the distribution act, that a revenue of thirteen millions from the customs would be sufficient—amply sufficient for carrying on the Government efficiently. Such would be the happy effects of equalising the revenue and expenditures by a judicious system of economy and retrenchment, aided by the restoration of the revenue from the lands.

Let me now ask gentlemen if they have reflected on the consequences which must result from the other alternative, that of raising the revenue to the standard of the expenditures? What has already been the effects of that policy? What is the immediate cause of the present embarrassment? What has emptied the Treasury, prostrated the credit of the Government, and imposed high additional taxes on the commerce and labor of the country? What but the policy commenced at the extra session, of keeping up the expenditures to the present high standard, and which, if we may judge by this measure, and the declaration of the chairman of the Committee on Finance, it is determined to adhere to? Can any one doubt that if there had been no change of policy—if that so earnestly pressed by my friend behind me, of reducing the expenditures, had been continued, but that the existing embarrassments would have been avoided? On you,

who have reversed the wise and judicious course then commenced, rests the responsibility. It is you who have emptied the Treasury; you who have destroyed the credit of the Government, and caused the present embarrassments.

But you are only at the beginning of your difficulties. Those that are to come, unless you change your course, are still more formidable. The power of borrowing, in every form, short of usurious and ruinous interest, is gone, and can you expect to raise from commerce alone the means of meeting the expenditures at the present high standard? I pronounce it to be beyond your power to raise twenty-five millions annually from the customs. So large a sum cannot be extorted from commerce in the present state of things. A nett revenue to that amount would require a gross revenue, at the present extravagant rate of collection, of at least twenty-seven millions of dollars. Our present exports will not pay for an importation of more than \$125,000,000, allowing for the ordinary profits of trade. From this must be deducted \$10,000,000 for the interest of debt abroad, which would reduce the imports to \$115,000,000. Deduct \$10,000,000 more for free articles, immediately connected with the manufacturing operations of the country, and it would reduce the dutiable articles consumed in the country annually to \$105,000,000. In the free articles I do not include tea and coffee, which are now so. It would take an average duty of 26 per cent. to raise \$27,000,000 on \$105,000,000. Can you, in the present state, of things, raise your duties to that high standard?

I pass over the effects of such a duty, in repressing the export trade on which the import depends. Between them there is the most intimate relation. Each limits the amount of the other. In the long run, it is acknowledged that the imports cannot, on a fair valuation, exceed the exports. It is not less certain that the same rule applies to the exports, which, in the long run, cannot exceed the imports. And hence duties on imports as effectually restrict and limit the amount of the exports as if directly imposed on the latter. To repress the one is to repress the other. But, setting aside all considerations of the kind, I directly meet the question, and say that you cannot extort from commerce the amount you propose.

He who would reason from the past on this subject, will be greatly deceived. High duties now will not give the revenue they once did. The smuggler forbids. The standard of morals is greatly lowered. The paper system and the protective policy have worked a great and melancholy change in that respect. The country is filled with energetic and enterprising men, rendered desperate by being reduced from affluence to poverty through the vicissitudes of the times. They will give an impulse to smuggling unknown to the country heretofore. The profits of regular business, in the new state of things in which the country is placed, must be low and slow. Fortunes can no longer be made by a single bold stroke; and the impatience and necessities of the large class to which I have alluded, and whose debts will be spunged by the Bankrupt act, will not submit to recovering their former condition by so slow a pro-

cess. With high duties, smuggling then will open too tempting a field to restore their broken fortunes, not to be entered by many of the large class to which I refer, to which many will be added from the lowered standard of morals, who cannot plead the same necessity. If to this be added the great increased facility for smuggling, both on our Northern, and Eastern, and Southwestern frontiers, it will be in vain to expect to raise the sum proposed from commerce. Not only has the line of frontier along the lakes been greatly lengthened, but the facility of intercourse with them, both by canals and roads, have been increased in a still greater degree. How is smuggling to be prevented along so extended a frontier, with such unlimited facility for practising it? Nor will the supply of smuggled goods be confined to the immediate neighborhood of the frontier. They will penetrate through the numerous roads and canals leading to the lakes, far inland, and compete successfully with the regular trade in the heart of the country. Nor is it be doubted but that the British authorities will connive at this illicit trade. Look at the immense interest which they have to turn the trade of our country, as far as possible, through the channel of the St. Lawrence. It will give to Great Britain the entire tonnage to whatever portion of our trade may be turned through that channel—a point so important to her naval supremacy, to which she is ever so attentive. Already great facility is afforded for turning the provision trade, both for the home market and the supply of the West Indies, through it, and with much success.

I was surprised to learn, since the commencement of the session, as I have no doubt most of those who hear me will be, that a place on the St. Lawrence almost unknown, is already the fourth town in the Union, as to the number of vessels that enter and depart in the year. I refer to St. Vincent, at the outlet of Lake Ontario. It is the depot for the British trade, which descends the St. Lawrence from our side. To give life and vigor to a vast trade, which gives her the entire tonnage of the outward and inward voyage, is too important to be neglected, particularly as it would so powerfully counteract our high duties, and so greatly widen the field of consumption for her manufactures. Turning to the frontier at the other end of the Union, we shall find a great increase of facility for smuggling in that quarter; but I abstain from enlarging on it for the present.

Taking all these causes together, it cannot be doubted but that smuggling will commence at a much lower point of duties than it ever has heretofore, and that all calculations of increase of revenue from increase of duties, founded on the past, will fail. It is the opinion of good judges that it would commence with duties as low as 12 per cent. on such articles as linen and silks; but be that as it may, it may be safely predicted that the scheme of raising the standard of revenue to the present expenditures, will fail. I pass over the violation of the compromise, which such a policy necessarily involves, its ruinous effects on the great staples of the country, now suffering under the greatest depression, and that deep discontent which must follow in the quarter that produces them. I shall confine myself simply to the financial question. Re-

garded in that light, I tell gentlemen that the line of policy they propose will fail. They will have to abandon it, or resort to internal taxes to supply the deficit from commerce. Yes, you must restore the revenue from the lands, economise and retrench, or be forced to resort to internal taxes in the end. Are you prepared for that? I ask those who represent the great sections to the North and East of this, if they have reflected how that portion of the Union would be affected by internal taxes? I refer not to direct taxes, for that, according to the mode prescribed in the Constitution, can never be pushed to any oppressive extreme, but to excises. If you have not, it is time you should; for in the way you are now going, you will soon have to learn experimentally how it will operate.

There never has been a civilized country within my knowledge, whose moneyed affairs have been worse managed than ours for the last dozen of years. In 1828 we raised the duties, on an average, to nearly fifty per cent. when the debt was on the eve of being discharged, and thereby flooded the country with a revenue, when discharged,

which could not be absorbed by the most lavish expenditures. Hence the double affliction of an accumulating surplus of millions on millions, and of the most wasteful expenditures at the same time. Then came the Compromise act, which entirely exempted one-half of the imports from duties, in order to escape the growing evil of such a surplus, and reduced the one-tenth, every two years, on all the duties above twenty per cent. in order to get clear of the protective policy. Under their operation, aided by the Deposit act, the surplus was absorbed, and the revenue gradually brought down to the proper level; to meet the descending revenue, a reduction of expenditures was commenced, with the intention of equalizing the revenue and expenditures. Then a change of party took place; the one coming in possessing a greater love for economy and retrenchment than the one going out; but instead of fulfilling their promises, the public expenditures have been increased by millions—debts contracted—revenue from the lands squandered—and all this when the income was reduced to the least possible depression. Take all in all, can folly, can infatuation, go farther.





